

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 SP-02
AGRE-00 L-03 CIAE-00 INR-10 NSAE-00 /035 W
-----086884 190710Z /11
R 190554Z JUL 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 9066

LIMITED OFFICIAL USE SECTION 1 OF 2 ADDIS ABABA 3136

E.O. 11652: N/A
TAGS: EINV, ET
SUBJ: KALAMAZOO SPICE EXTRACTION COMPANY COMPENSATION CLAIM

1. AT A MEETING ON JUNE 29 IN THE DEPARTMENT WITH DEPARTMENT OFFICIAL SAND THE AMBASSADOR, MR. PAUL H. TODD, PRESIDENT OF THE KALAMAZOO SPICE EXTRACTION COMPANY INDICATED THAT HIS COMPANY WOULD BE HAPPY TO WITHDRAW ITS CLAIM FOR \$11 MILLION AGAINST THE PMGSE, IF THE ETHIOPIAN SPICE EXTRACTION COMPANY WOULD SIMULTANEOUSLY WAIVE ANY CLAIM AGAINST KALAMAZOO. MR. TODD REPEATEDLY SAID THAT HIS COMPANY WAS "ANXIOUS TO GET THE WHOLE ISSUE BEHIND IT" AND ONCE THIS WERE ACHIEVED KALAMAZOO WOULD BE PREPARED TO ENTER INTO NEGOTIATIONS TO BUY SUBSTANTIAL QUANTITIES OF RED PEPPER AND PAPRIKA AND TO ASSIST ETHIOPIAN SPICE TO DEVELOP AND MARKET ADDITIONAL SPICES. MR. TODD SAID HE HAD ALREADY PROPOSED A WASH OF CLAIMS TO THE PRESIDENT OF THE ETHIOPIAN SUCCESSOR COMPANY. TODD READILY AGREED THAT HE WOULD BE WILLING TO REITERATE THE OFFER TO THE ETHIOPIAN COMPENSATION COMMISSION OR TO THE PMGSE, SUBJECT TO CONSULTATION WITH CORPORATION COUNSEL. HE PROMISED TO BE BACK IN TOUCH WITH THE DEPARTMENT AT AN EARLY DATE.

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2. THE EMBASSY HAS HEARD NOTHING FURTHER ON THIS MATTER, BUT THE AMBASSADOR IS TENTATIVELY SCHEDULED TO MEET WITH THE ACTING FOREIGN MINISTER ON JULY 21 OR WITH THE FOREIGN MINISTER NEXT WEEK. IT WILL BE RECALLED THAT THE FOREIGN MINISTER IN HIS CONVERSATION WITH THE SECRETARY IN NEW YORK PROPOSED THAT THE AMBASSADOR SHOULD FOLLOW UP ON PENDING AMERICAN CLAIMS

CASES. THE AMBASSADOR BELIEVES, ON THE BASIS OF THE DISCUSSION OF JUNE 29 WITH MR. TODD, THAT HE COULD GIBE THE FOREIGN OFFICE THE GENERAL NATURE OF A SETTLEMENT ELIMINATING THE KALAMAZOO CLAIM "WHICH WE HAVE REASON TO BELIEVE KALAMAZOO MIGHT ACCEPT", BUT WOULD APPRECIATE CONFIRMATION THAT MR. TODD HAS NOT SUDDENLY AND DUNDAMENTALLY CHANGED HIS MIND. ALTERNATE TEXTS, ONE WITH THE INITIATIVE FROM THE PMGSE AND ONE WITH THE INITIATIVE FROM KALAMAZOO HAVE BEEN PREPARED FOR CONSIDERATION BY KALAMAZOO AND THE PMGSE. WOULD APPRECIATE DEPARTMENT'S AND KALAMAZOO'S SUGGESTIONS AND AMMENDMENTS ASAP. WITHIN THE FRAMEWORK OF THE DISCUSSION THERE WOULD BE TIME FOR DETAILED CHANGES AND THE PMGSE WILL UNDOUBTEDLY HAVE SOME OF ITS OWN, IF IT ACCEPTS THE CONCEPT IN PRINCIPAL. THE TWO DRAFTS BELOW CLOSELY FOLLOW MR. TODD'S POINTS IN PARA 1. THE SPECIFIC LANGUAGE "ANY ETHIOPIAN GOVERNMENT CONTROLLED CORPORATION OR ENTITY" HAS BEN INCLUDED TO COVER BOTH THE COMMERCIAL BANK OF ETHIOPIA(WHICH SOUGHT AT ONE TIME TO SUE KALAMAZOO IN THE U.S. COURTS FOR FAILURE TO PAY FOR PRODUCT EXPORTED TO IT) AS WELL AS ETHIOPIAN SPICE EXTRATION COMPANY.

3. TEXT OF LETTER TO BE SENT BY KALAMAZOO FOLLOW:
"THE KALAMAZOO SPICE EXTRACTION COMPANY WITHDRAWS ITS CLAIMS FOR COMPENSATION FILED WITH HE ETHIOPIAN LIMITED OFFICIAL USE

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COMPENSATION COMMISSION FOR 11 MILLION ON JANUARY 19, 1977 AND AGREES NOT TO PRESENT ANY OTHER CLAIM FOR ACTIONS ARISING OUT OF THE NATIONALIZATION OF ITS INTEREST IN ITS FORMER SUBSIDIARY, THE ETHIOPIAN SPICE EXTRACTION COMPANY, ON THE UNDERSTANDING THAT NEITHER THE PMGSE NOR ANY ETHIOPIAN GOVERNMENT OWNED OR CONTROLLED CORPORATION OR ENTITY WILL MAKE ANY CLAIM OR TAKE ANY LEGAL ACTION AGAINSE THE KALAMAZOO SPIEC EXTRACTION COMPANY, ITS OFFICERS, DIRECTORS, AND EMPLOYEES FOR THEIR ACTIONS AND TRANSACTIONS PRIOR TO TODAY'S DATE. THE KALAMAZOO SPICE EXTRACTION COMPANY FURTHER DECLARES THAT IT IS PREPARED TO

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 SP-02
AGRE-00 L-03 CIAE-00 INR-10 NSAE-00 /035 W
-----086826 190709Z /11

R 190554Z JUL 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 9067

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PROMOTE THE FUTURE EXPORTS OF DEHYDRATED RED PEPER FROM ETHIOPIA, INCLUDING FROM ITS FORMER SUBSIDIARY, UNDER MUTUALLY ACCEPTABLE CONDITIONS, AND TO INTRODUCE AND PROMOTE THE EXPORT OF OTHER SPICES, IF REQUESTED, IN COOPERATION WITH THE ETHIOPIAN SPICE EXTRACTION COMPANY, ONCE THE ABOVE UNDERSTANDING HAS BEEN CONFIRMED BY THE PMGSE IN REPLY TO THIS LETTER. I WOULD APPRECIATE AN AN EARLY REPLY. SIGNED: PAUL H. TODD, PRESIDENT, KALAMAZOO SPICE EXTRACTION COMPANY"

4. TEXT OF AN AGREEMENT TO BE REACHED BETWEEN KALAMAZOO AND PMGSE FOLLOWS:

"IN RECOGNITION OF THE KALAMAZOO SPICE EXTRACTION COMPANY'S TRANSFER OF TECHNOLOGY TO ETHIOPIAN AGRICULTURE AND AGRIBUSINESS AND THE PROMOTION OF EXPORTS FROM ETHIOPIA OVER THE YEARS, THE PMGSE ASSURES THE KALAMAZOO SPICE EXTRACTION COMPANY THAT NEITHER THE PMGSE NOR ANY CORPORATION CONTROLLED BY THE PMGSE WILL MAKE ANY CLAIM OR TAKE ANY LEGAL ACTION AGAINST THE KALAMAZOO SPICE EXTRACTION COMPANY FOR ACTION OR TRANSACTION OF THAT COMPANY, ITS OFFICERS, AND EMPLOYEES PRIOR TO THE DATE OF THIS AGREEMENT.

"IN RECOGNITION OF THE GENEROSITY OF THE PMGSE, THE KALAMAZOO SPICE EXTRACTION COMPANY, FOR ITS PART, WITHDRAWS ITS CLAIM FOR COMPENSATION FROM THE PMGSE,
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NOW PENDING BEFORE THE ETHIOPIAN COMPENSATION COMMISSION, FOR ITS INTEREST IN THE ETHIOPIAN SPICE EXTRACTION COMPANY WHICH WAS NATIONALIZED ON FEBRUARY 3, 1975, AND WAIVES ANY RIGHT TO PRESENT ANY CLAIM AGAINST THE PMGSE FOR ACTIONS TAKEN WITH RESPECT TO ITS FORMER SUBSIDIARY. THE KALAMAZOO SPICE EXTRACTION COMPANY DECLARES THAT IT IS PREPARED UNDER MUTUALLY ACCEPTABLE CONDITIONS TO PURCHASE AND EXPORT PRODUCTS FROM THE ETHIOPIAN SPICE EXTRACTION COMPANY

AND TO INTRODUCE AND PROMOTE THE EXPORT OF NEW TYPES
OF SPICES, IF REQUESTED, UNDER MUTUALLY ACCEPTABLE
ARRANGEMENTS.

"IN VIEW OF THE UNIQUE CIRCUMSTANCES AND HISTORY OF
THE ETHIOPIAN SPICE EXTRACTION COMPANY, THE PMGSE
DECLARES THAT THE ARRANGEMENT SET FORTH IN THIS
DOCUMENT DOES NOT CONSTITUTE A PRECEDENT FOR ANY OTHER
COMPENSATION CLAIM NOW PENDING BEFORE THE ETHIOPIAN
COMPENSATION COMMISSION OR WHICH MAY HEREAFTER BE
FILED WITH THAT COMMISSION.

SIGNED: FOR THE KALAMAZOO SPICE EXTRACTION COMPANY:
FOR THE PMGSE:"
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Message Attributes

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